

Denison Mines Limited

Revised October 3, 1985 (MOC)

CUSIP Number 248361

Destroy all previous Basic and White cards on this Company

Stock Symbol DEN

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THE COMPANY owns a producing uranium mine at Elliot Lake, Ont. and the Koongarra uranium ore bodies in Australia; engages in mineral exploration, and the development of a potash project in New Brunswick and the Quintette coal project in northeastern British Columbia; holds producing and prospective oil and gas interests in Canada, United States, Greece, Spain and elsewhere. Also holds investments in a number of mining and industrial companies and a majority interest in Lake Ontario Cement Ltd.

Fiscal Year	Non-Curr. Secs.†	Working Capital	COMPARATIVE DATA			Earns. Per Sh.	Divds. Paid	Price Range	
			Gross Rev.	Cash Flow	Net Income			High	Low
			000's					— Class A Shares —	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
1984.....	103,573	d208,747	706,431	249,425	80,516	1.61	1.00	23.25	13.25
1983.....	64,551	d59,578	676,061	234,363	101,520	2.58	1.00	25.75	13.75
1982.....	146,178	d118,365	648,361	151,078	50,641	1.39	1.00	16.88	7.69
1981.....	94,992	d141,598	427,564	65,171	62,386	1.71	1.00	29.38	13.07
1980.....	110,330	d39,830	365,153	109,925	73,698	2.02	0.75	30.07	17.75

▼ Designated common shares prior to reclassification and 2-for-1 split, effective Mar. 2, 1984; adjusted throughout.

† Quoted market value.

CONSOLIDATED CAPITALIZATION AS AT DECEMBER 31, 1984			
	Outstanding		%
Long-term debt	\$952,184,000		62
Series A preferred stock, n.p.v.	150,000,000	6,000,000 shs.	10
Class A stock	44,452,000	20,420,679 shs.	3
Class B stock	44,457,000	20,422,695 shs.	3
Contributed surplus	7,937,000		0
Retained earnings	339,844,000		22

SUMMARY STATEMENT

For the six months ended June 30, 1985, net income was \$31,674,000 (47 cents per class A and B share) on revenues of \$354,747,000. This compares with net income of \$41,186,000 (83 cents per share) for the year-earlier period on revenues of \$336,213,000.

Net income for the year ended Dec. 31, 1984 declined 20% to \$80,516,000, or \$1.61 per share, from a restated \$100,283,000, or \$2.54 per share, for the previous year. The lower earnings in 1984 reflect lower production from the Casablanca oil field, increased Canadian oil and gas operating costs, higher oil and gas exploration expenditures and a reduction in investment income.

Gross revenues for the year ended Dec. 31, 1984 increased marginally to \$706,431,000 from reclassified \$676,061,000 for 1983. Oil and gas production contributed 44% of gross revenue, mining 35% and cement 21%.

Capital expenditures in 1984 declined 26% to \$289,088,000 compared with restated \$391,287,000 in 1983. Of the 1984 total, \$139,162,000 was related to the continuing development and start-up costs at Quintette, B.C.; \$85,349,000 for the development and construction of a potash mine near Sussex, N.B. and \$43,572,000 for oil and gas projects in Europe, Canada and Egypt.

A public offering of 7,000,000 units, each unit comprising one 9% preferred share, series B and one class B share purchase warrant was completed Mar. 7, 1985. The units were priced at \$25. Each warrant entitles the holder to purchase one class B share at \$15.50 to Mar. 15, 1989. Net proceeds of \$169,223,000 were used to reduce debt.

N.B. — For quick reference data and index, see page 2.

THE FINANCIAL POST CORPORATION SERVICE

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QUICK REFERENCE DATA

Major Shareholder—At January 18, 1985, Roman Corporation Limited held 7,418,297 class A shares (36.3% interest).

Incorporation—Ontario amalgamation February 12, 1973.

Auditors—Coopers & Lybrand, C.A., Toronto.

Fiscal Year Ends—December 31.

Annual Report Appeared—In January in 1985.

Annual Meeting—February 15 in 1985.

Bankers—The Royal Bank of Canada.

Listed—DEN, Toronto, Montreal and Vancouver Stock Exchanges.

Ranking in FP 500—123 by sales; 36 by assets.

Options—Call and put options traded in January/April/July/October cycle on the Toronto Stock Exchange.

Transfer Agent & Registrar—Guaranty Trust Company of Canada, Toronto, Montreal, Calgary, Vancouver (common and preferred); Winnipeg and Regina (preferred only).

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COMPANY

Denison owns a producing uranium mine at Quirke Lake, located in the Elliot Lake-Algomia-Blind River area, Ont.

The company also holds a 50% interest in the producing Quintette coal project in northeastern British Columbia. In addition holds producing and prospective oil and gas interests in Canada, the United States, Greece, Spain and elsewhere; is developing a large potash production facility in New Brunswick; and is active in mineral exploration in Canada, the United States and elsewhere.

Through 54%-owned Lake Ontario Cement Limited, the company produces and sells cement and concrete products in Canada and the United States.

Other important investments include 47.6% interest in Standard Trustco Limited, 40% interest in Pacific Tin Consolidated Corporation, 50% interest in Reiss Lime Company of Canada Limited, 15% interest in Roman Corporation and large equity holdings in a number of exploration and development companies.

CAPITAL EXPENDITURES

Net additions to fixed assets in recent years, as originally reported, were as follows:

1977	\$56,058,178	1981	\$398,629,113
1978	73,393,948	1982	311,350,299
1979	261,635,658	1983	399,041,670
1980	406,486,668	1984	289,088,000

Capital expenditures in 1984 declined 26% to \$289,088,000 compared with restated \$391,287,000 in 1983. Of the 1984 total, \$139,162,000 was related to the continuing development and start-up costs at Quirke, \$85,349,000 for the development and construction of a potash mine in New Brunswick and \$43,572,000 for oil and gas projects in Europe, Canada and Egypt.

MINING OPERATIONS

Uranium
Canada

Marketing Contracts—At the end of 1984, Denison had outstanding contracts for delivery of more than 150,000,000 lbs. of uranium oxide. These contracts are with The Tokyo Electric Power Co. and Ontario Hydro.

Ontario Hydro Agreement—In December, 1977, the company entered into an agreement with Ontario Hydro for the sale to the utility of 126,000,000 lb. uranium oxide, subject to certain provisions as to specified curtailments or reductions and as to termination. The contract calls for delivery over a 30-year period from 1982 to 2012 under an agreed pricing formula which takes into account the cost of production, an agreed margin and the "world" price. Fulfilling the agreement required a major expansion of mining and milling facilities at Elliot Lake to increase annual output to 6,000,000 lb. Expansion of milling facilities was completed in 1981 and mine expansion is scheduled for completion in 1985. The utility agreed to make advances to Denison in respect of substantially all the costs of the expansion, which advances will be repaid by the company over the delivery period. The amount of the advances outstanding at Dec. 31, 1984, was \$238,210,000. The company's Elliot Lake operating properties, facilities and certain other assets related thereto have been mortgaged or charged as security for the funds advanced, subject to Denison's right to give prior security for future indebtedness in agreed amounts.

Properties—The main Denison property consists of 88 patented claims totaling approximately 3,900 acres in Buckles and Bouck twps., Sudbury mining division, Ontario, about 30 miles northeast of the Town of Blind River (about 47 miles by road) on the north shore of Lake Huron. The property is connected to the Trans-Canada Highway and to the Canadian Pacific Railway by the 30-mile Highway 108, which serves the Town of Elliot Lake and the other uranium mines in the area.

The Can-Met property consists of 85 claims, about 825 acres, contiguous to the main property and the Stanrock property, also contiguous, consists of 19 claims plus three fractional claims held under lease totaling approximately 615 acres. Within five miles of the main property, 138 claims or about 5,500 acres, and 69.5% interest in 31 claims are held.

Plants—The Denison mine is equipped with a 15,000-ton daily acid-leach plant, which was expanded from its original 7,100-ton capacity in 1980-81.

Two yttrium oxide circuits designed to use existing mill facilities not needed for uranium recovery operated early in 1967 to 1970. Modifications were carried out during 1972 and production resumed for 1973-77.

Development—In 1978, the company undertook a program to expand and combine the operations of the former Denison, Can-Met and Stanrock mines, now run as a single mine. Mining capacity was increased from 10,000 tons daily to 21,000 tons daily.

Denison property—Extensive surface drilling mainly concentrated near the northwest shore of Quirke Lake and the north Denison boundary outlined two parallel,

flat lying ore bodies covering an area greater than 2,100 acres on the Denison property. The main ore body lies about 100-150 ft. below an upper or secondary bed of lower grade ore.

Two shafts, about 2,500 ft. apart, are located on the property on the northwest shore of Quirke Lake. No. 1 five-compartment shaft has been sunk to 1,856 ft. and encountered the main ore body at a depth of 1,580 ft. No. 2 seven-compartment main production shaft has been sunk to 2,766 ft. and cut the main ore body at about the 2,430-ft. level. The two shafts are connected by interconnecting roadways.

The Denison property has been connected with two other shafts at the east end of the property on the former Can-Met property.

The underground expansion at the main Denison property was completed in 1980. Included in the expansion was the installation of three major conveyors, approximately 2,000 ft. in length. One of the conveyors transports ore in the upper reefs to the No. 1 shaft hoisting facilities, which have been rehabilitated. The other two conveyors transport ore from new mining areas of the main zone and also from future mining areas in the overlying upper reef. These conveyors feed a new underground primary crushing plant at the No. 2 shaft.

During 1984, excavations were underway for a new conveyor to deliver ore from the southwest area to the No. 2 shaft. Conveyor equipment has been ordered for installation in the first half of 1985.

Can-Met Property—Property has been developed by two shafts. No. 1 two-compartment service shaft sunk 2,127 ft. with station at 2,089 ft.; and No. 2 three-compartment production shaft, some 500 ft. distant, sunk 2,395 ft. with a station at 2,080 ft. The two shafts are connected underground and have been adapted under the recent expansion program as ventilation shafts. When rehabilitation is complete, ore will be removed from the Denison property.

Stanrock Property—The property is developed by two shafts sunk approximately 800 ft. apart. The main three-compartment shaft extends to a depth of 3,380 ft. and the two-compartment service shaft extends to a depth of 2,952 ft. Both shafts are connected on several levels.

At the Stanrock property, dewatering was completed in 1980, a service corridor has been rehabilitated between the two shafts, surface facilities established and a new production hoist installed.

During 1983, the Stanrock mine area was placed on a care-and-maintenance basis since production from this area will not be required until a future date.

Production—Denison Mine—Milling operations commenced on May 16, with first crude precipitate being shipped on June 27, 1957. Official opening of the mine took place on Sept. 21. Production for years ended Dec. 31 follows:

	Tons milled	U ₃ O ₈ lb.
1957*	612,676	1,353,947
1958	1,861,229	4,239,761
1959	2,046,250	4,916,108
1960	2,013,846	4,911,761
1961	2,033,483	5,379,168
1962	1,828,993	4,844,259
1963	1,586,600	5,078,760
1964	1,275,384	3,950,364
1965	889,391	2,561,164
1966	981,709	2,748,602
1967	1,219,461	3,549,000
1968	1,316,000	3,843,000
1969	1,237,000	4,002,949
1970	1,178,000	3,628,163
1971	1,387,000	4,256,000
1972	1,454,000	3,914,220
1973	1,432,000	3,424,000
1974	1,290,000	2,807,000
1975	1,339,969	2,911,000
1976	1,522,000	3,112,000
1977	2,059,000	4,001,000
1978	2,404,000	4,889,000
1979	2,440,000	4,495,767
1980	2,509,833	4,451,823
1981	3,073,548	4,742,831
1982	4,024,667	6,131,770
1983	3,517,562	5,976,011
1984	3,453,000	5,840,000
Total	51,986,601	115,959,428

*From May 16, revenue received was applied against preproduction expenses.

■ Operations were interrupted by an 11-day strike in May, 1976.

Yttrium oxide production commenced in 1967, was suspended in mid-1970 due to insufficient market demand, and was reactivated in 1973-77 to meet new contract commitments. Production totaled 86,788 lb. in 1974, 77,000 lb. in 1975, and 58,000 lb. in 1976. Output unstated in 1977.

Can-Met Property—Milling operations commenced on Oct. 16, 1957, with first crude precipitates being shipped on Dec. 9, 1957. To Apr. 30, 1960, when operations ceased, the mill treated a total of 1,996,856 tons of Can-Met ore to produce 3,699,801 lb. U₃O₈; revenue totaled \$39,152,513. Current production is not reported separately.

Stanrock Property—The mine went into production on Mar. 1, 1958. Operations were carried out from 1958 to October, 1964, using conventional underground mining methods and from October 1964 to May, 1970, using the bacterial leaching method only. To cessation of mining operations, value of production totaled \$116,476,127. Current production is not reported separately.

Reserves—The company does not give reserves on an annual basis. However, the company has reported mineable reserves in excess of contracted amounts.

Australia—The Koongarra properties, located in the South Alligator Region of the Northern Territory in Australia, were acquired from Noranda interests in 1980. Reserves in two ore bodies are estimated at 30,000,000 lb. U_3O_8 and Denison plans an open pit mining operation at the rate of about 2,500,000 lb. uranium concentrates per year.

Agreements already negotiated with the Northern Land Council and the traditional aboriginal owners for the development of the deposits will require government approval. The aboriginal owners are expected to retain a 25% equity interest.

Coal

In 1968, Denison established a Coal Division, for the purpose of carrying out coal exploration in western Canada. At the end of 1983, Coal properties managed by the company in western Canada contain in excess of 7.5 billion tonnes of coal in place. Major projects are as follows:

Quintette Property—This property covers 108,176 acres and is located some 70 air miles southwest of Dawson Creek in the Babcock-Wolverine area of north-eastern British Columbia. It is estimated to contain 2.8 billion tons of high quality metallurgical coal in place, to a maximum depth of 1,500 ft.

Marketing Contracts—Quintette has contracted for the sale of 5 million tonnes of metallurgical coal annually to Japanese customers for a firm contract term of 14.5 years, with provision for a five-year extension. The price received is calculated on a formula which is adjusted quarterly for changes in costs of labour, materials and supplies. Contracts have also been entered into for the sale of thermal coal at an annual rate of 1.3 million tonnes. The price of thermal coal is determined annually based on prices for thermal coal being sold to Japan from Australia and the United States.

Development—Agreement was reached with the British Columbia government for construction of various infrastructure items to support the entire northeastern British Columbia coal industry development. These include rail facilities, a townsite (initial population 6,000), electric power facilities, service roads and terminal and shipping facilities. The new port at Ridley Island commenced operation in January, 1984. Electrification along the B.C. Rail line was completed in the summer of 1984 and paving along the entire length of the 100 kilometer Chetwynd-to-Tumbler Ridge highway was finished in late 1984.

The project was developed by Quintette Coal Limited. Denison acts as operator and holds a 50% interest. Remaining interests are held by Mitsui Mining Company Limited (12.5%), Tokyo Boeki Limited (10.49%), Charbonnages de France International S.A. (12.01%), Sumitomo Corporation (5%) and Japanese Steel Industry (10%).

Mining activity was concentrated at the two initial open pits (McConkey and Frame) during the 1984 start-up year. The preparation plant produced a total of 3,516,000 tonnes of clean coal in 1984 of which 2,777,000 tonnes were sold as metallurgical coal and 597,000 tonnes as thermal coal. Inventories of clean coal at year-end amounted to 216,000 tonnes. Contracted sales volumes for 1984 were 3,150,000 tonnes of metallurgical coal and 1,175,000 tonnes of thermal coal.

As a result of higher than expected ash content at

the McConkey and Frame pits, mine development is currently being re-evaluated. It is expected that the opening of one or more additional mining areas will be brought forward.

Project financing for the Quintette development was supplied by a consortium of 56 international banks.

The debt financing was provided by way of a facility totalling \$800 million. The facility is comprised of two tranches: A for \$700 million and B for \$100 million.

Saxon Property—On the 33,585-acre Saxon property in B.C., some 100 air miles south of Dawson Creek, detailed geological mapping done in 1975 identified potential reserves of over 500,000,000 tons of coal in place. In 1976, agreement was made with a consortium of German and Japanese companies for joint development involving a \$5,000,000 exploration and feasibility program. The 1977 feasibility study confirmed the viability of producing 4,000,000 tons of medium volatile metallurgical coal annually for 20 years. Annual production is based on 2,000,000 tons from open pit mining and 2,000,000 tons from underground mining. No work has been carried out on the property since 1980.

The Ruhrkohle group, comprising Ruhrkohle A.G. of Germany, Mitsui & Co. Ltd., and Usinor, holds 30% interest in the Saxon project. The remaining 70% interest is held by Denison Mines Limited, manager of the project.

Belcourt Property—Located between the Quintette and Saxon properties, the Belcourt property comprises 119,740 acres and is estimated to contain 1.1 billion tons of good quality metallurgical coal. Feasibility studies were carried out in 1982 based on annual production of 4,000,000 tonnes of medium volatile metallurgical coal for 20 years from open pit operations.

Denison has 60% interest (Gulf Canada Resources Inc. 40%) in the Belcourt project.

Coalspur Property—Dentherm Resources Limited, which holds the Coalspur thermal coal property in the Coalspur-Robb mining district, southeast of Hinton, Alta., is 65% owned by Denison Mines, 15% by Charbonnages de France and 10% each by Taiwan Power Company and Denimil Energie und Mineral A.G. The property comprises 94,479 acres and is estimated to contain in excess of 2.5 billion tons of good quality thermal coal.

Development of this property requires improved world thermal coal prices.

Wildhay—The company has a 90% interest in Denico Coal Limited, which holds 16 leases covering 10,741 hectares near Hinton, Alta. A report detailing the results of 1982 and 1983 geological programme was completed in April, 1984.

Potash

The 22,000 acre Salt Springs Potash property located near Sussex, N.B. was acquired in 1979 from International Chemical Corporation (Canada) Ltd. for approximately \$28,000,000.

Denison has a 60% interest in the property with the remaining 40% held by Enterprise Minière et Chimique, of France, and Kali und Salz Aktiengesellschaft, a West German concern.

Production towards a planned rate of 1.43 million tons of potash product annually commenced in July, 1985. Financing up to \$325 million for completion of the project, including \$25 million for an operating line of credit was arranged with a consortium of nineteen international banks on a limited recourse basis.

The sinking of the production shaft reached its total planned depth of 2,800 ft. and underground excavations for the operating facilities between the production and service shafts were completed during 1984. Surface facilities are extensive and include works at the mine plant site, a pipeline to the Bay of Fundy, ocean port facilities at Saint John and a rail spur from the project site to the Moncton-Saint John rail line.

Proven, probable and possible reserves are estimated to be in excess of 254,000,000 tons grading 28% K_2O per ton.

Production

Gross production of oil and natural gas in recent years has been as follows:

Year	Oil, Bbls.		Natural Gas, Mcf.	
	Yearly	Daily	Yearly	Daily
1972	1,919,000	5,243	1,773,000	4,844
1973	2,386,000	6,537	2,103,000	5,762
1974	2,237,000	6,129	2,236,000	6,126
1975	1,941,000	5,319	2,188,000	5,995
1976	1,712,000	4,677	2,100,000	5,739
1977	1,688,000	4,624	3,149,000	8,627
1978	1,658,000	4,543	3,393,000	9,295
1979	1,593,000	4,364	3,828,000	10,488
1980	2,249,000	6,162	5,504,000	15,079
1981	2,859,000	7,833	5,092,000	13,951
1982	6,936,000	19,003	7,334,000	20,093
1983	9,290,000	25,452	4,866,000	13,332
1984	9,180,000	25,151	5,334,000	14,614

OIL AND GAS OPERATIONS

Denison obtains oil and gas production in four countries—Greece, Spain, Canada and the United States. Oil development programs in Egypt and Italy are proceeding and exploration activities are being conducted in Spain, Egypt, Italy, Greece, the United Kingdom, Philippines, Senegal and offshore eastern Canada.

During 1984, the company spent \$43,572,000 on exploration, development and production and sale of natural gas, oil, condensates and sulphur, compared with \$23,056,000 a year earlier.

Areas of current interest include the following:

Offshore Greece—Denison holds a 68.75% interest in the Prinos oil field and the South Kavala gas field acquired in 1976 from Oceanic Exploration. Purchase price was US\$15,000,000, with Oceanic to receive an additional US\$10,000,000 from production and to have a 15% net earnings interest.

Initial production began in 1981 and production targets are being maintained.

The Prinos field (developed from two platforms) and the South Kavala fields, increased production during 1984. Oil output rose to a daily average of 26,200 bbl. from 24,600 bbl. per day in 1983, sulphur production increased to 400 tons per day from 370 tons and natural gas output was 3,600 mcf. compared to 1,800 mcf. daily. Injection of water into the Prinos field under the waterflood recovery system was successful in maintaining reservoir pressure at a satisfactory level. A computer study of production characteristics of the Prinos field confirms that the natural decline in oil output should not begin to occur until late 1985.

An additional 125-mile seismic programme was run within the Prinos and South Kavala development areas. Detailed analysis and interpretation of the seismic results are being completed.

Spain—Oil production from the offshore Casablanca fields in which Denison has a 12.5% interest declined in 1984 to a daily average of 32,700 bbl. from 43,700 bbl. per day in the previous year. In November, a new well, located in the central portion of the field, was brought into production at a rate of 6,300 bbl. per day replacing a previously producing well which was flowing 3,500 bbl. per day prior to encountering mechanical difficulties. A second development well is being drilled from the Casablanca platform. A step-out exploration well was successful in extending the known boundaries of the Casablanca oil field. This well has an indicated potential of 7,000 bbl. of oil per day. A second reservoir, the Montanazo D-2 in which a 3.5% interest is held, is expected to be brought into production in July, 1985 at about 4,000 bbl. per day. Production will be received and processed for sale at the Casablanca platform. A seismic survey over the Delta E and Mero exploration permits in the Gulf of Valencia was completed during 1984. Interpretation of the results are currently in progress.

Canada—During 1984, average daily production declined slightly to 3,000 bbl. compared with 3,100 bbl. per day in 1983. Natural gas output was 9,200 mcf. per day compared to 9,400 mcf. Five new oil wells and one gas well were successfully drilled in Alberta.

The PAREX partnership, in which Denison has a one-

third participation together with Aberford Resources and SOQUIP, made significant progress in exploration offshore the east coast of Canada. PAREX has interests in over 7 million acres located on the Scotian Shelf, the Grand Banks and the Flemish Pass. The Terra Nova K-08 oil discovery produced at a rate of 10,300 bbl. per day. PAREX's interest in this south Hibernia area is 5%. One follow-up well, in which PAREX holds a 5% interest, has been drilled and is currently being tested. Six other wells were drilled during 1984. Two such wells, Trave E-87 and Whiterose N-22, in which PAREX has a 7.03% interest tested gas/condensate and gas/condensate/oil, respectively, at significant rates. Two additional wells, in which PAREX has a 7.03% interest were drilling at year end.

United States—Natural gas production declined in the Gulf of Mexico to 2,400 mcf. per day, reflecting depletion of reserves. Drilling and production activities continued in Texas and California.

Italy—The Vega oil field in the Mediterranean Sea, offshore Sicily, in which Denison has a 10% participation, is expected to come into production early in 1987. Three successful development wells have been drilled to the 1984 year end. Further development wells will be drilled while a production platform is being built. Additional platforms may be required to fully develop the Vega field. Installation of the first platform and commencement of oil production are anticipated in early 1987, with oil production expected to reach 30,000 bbl. in early 1987 as the pre-drilled wells are completed. Additional platform drilling is expected to increase production rates progressively to 60,000 bbl. a day in 1989. Other exploration activities in Italy are continuing. Denison has interests in twelve other permits in the Mediterranean and Adriatic Seas. A total of 800 miles of seismic was carried out on these permits in 1984.

Egypt—Denison has two concession areas in Egypt—Meleha and West Razzak. The two Meleha development leases are contained within the larger concession. Trucking of test production at an initial rate of 1,000 bbl. per day commenced in December 1984. Essential workover is currently underway on other previously drilled production wells on the two Meleha development leases. Several other development wells are planned. Permanent production facilities and a 110-mile pipeline to the port of El Hamra on the Mediterranean coast are planned and will have a capacity in excess of 20,000 bbl. of oil daily. The pipeline is expected to be operational by early 1986. In the West Razzak area an exploration well successfully tested oil. The commercial viability of this well is being evaluated. Further detailed seismic is being carried out.

Other Activities—Other exploration activities are being carried out in the Philippines, the United Kingdom, the United Republic of Cameroon and Senegal.

HISTORY

By Certificate of Amalgamation dated Mar. 24, 1960, Consolidated Denison Mines Ltd. and Can-Met Explorations Ltd. were amalgamated into Denison Mines Limited. Exchange basis was one share Denison Mines for each share Consolidated Denison Mines held, and one share Denison Mines for each 200 shares Can-Met held.

Denison Mines assumed all assets of Consolidated Denison and Can-Met Explorations, including the balance of their uranium contracts. Unsecured creditors of Can-Met settled for 50 cents on each \$1 owed.

In 1964, Denison acquired control (approximately 54% of the common stock) of Lake Ontario Portland Cement Company Limited for \$6,341,298. In February, 1965, the name of the subsidiary was changed to Lake Ontario Cement Limited.

The present company was formed in Ontario, by Certificate of Amalgamation dated Feb. 12, 1973, whereby Denison Mines Limited and Stanrock Uranium Mines Limited amalgamated under the name of Denison Mines Limited. Upon amalgamation, all shares of Denison and Stanrock were converted into shares of the amalgamated company on a share-for-share basis following cancellation of 63 Stanrock shares and consolidation

of remaining Stanrock shares outstanding on a 1-for-70 basis immediately prior to the amalgamation.

In 1976, the company sold its 8.3% share interest in International Mogul Mines Limited. In August, 1976, Denison acquired a 68.75% interest in 420,256 acres offshore Greece in the North Aegean Sea, which includes the Prinos oil field, from Oceanic Exploration Company of Denver, Colo., for \$15,000,000 cash, a \$10,000,000 loan and a \$10,000,000 oil payment (all U.S. funds) and 15% net profits interest from future production.

During 1977, Denison completed the sale of 30% of the shares of Saxon Coal Limited to Ruhrkohle A.G. of Germany, Mitsui & Co. Ltd., and Union Siderurgie du Nord et de l'est de la France, S.A. for \$10,000, less commission. Under the agreement, the group contributed \$5,000,000 in 1976 and 1977 for a feasibility study and may acquire an additional 20% share interest for a further cash outlay. In April, 1977, Aetna Cement Corporation, a newly incorporated wholly-owned subsidiary of Lake Ontario Cement Limited, acquired the net assets of a cement grinding business in Essexville, Michigan, for US\$6,086,805.

In December 1982, 54%-owned Lake Ontario Cement acquired the assets of KVN Ready-Mix Concrete, of Toronto.

Effective Nov. 7, 1983, the company acquired 100% of Seagull Petroleum Limited, engaged in oil and gas exploration and development offshore Sicily and in Egypt, Italy and the United States.

History of the predecessor companies follows:

Consolidated Denison Mines Ltd.—This company was originally incorporated in Ontario in November, 1936, as Denison Nickel Mines Ltd. to acquire a copper-nickel prospect in the Sudbury area, from Denison Copper Mines on the basis of one new share for two old shares. Although 300,000 tons of ore averaging 1.5% copper and nickel were indicated by drilling and underground development, production was never attained. After World War II, further work gave negative results, and the company concentrated on exploration of other properties. In May, 1949, Denison Nickel was succeeded by North Denison Mines Ltd., on the basis of one new for four old shares. In February, 1954, North Denison was succeeded by Consolidated Denison Mines Ltd., on the basis of one new for 3½ old shares. Shortly after, 3,300 acres were acquired in the Algoma area, adjoining the Quirke Lake property of Rio Algom.

Senior financing was arranged in October, 1955, to provide funds to bring Denison's property into production. The company was provided with \$35,800,000 through issue of bonds (of which \$15,000,000 principal amount of series A bonds hypothecated as collateral for bank loans made to the company). An additional bank loan of \$2,642,000 was received in 1957. Series A bonds were retired in full in 1958 and 1959.

Can-Met Explorations Ltd.—This company was incorporated in Ontario in April, 1944, under the name of Lapaska Mines Ltd. By S.L.P. dated Dec. 20, 1954, capital of Lapaska was reorganized on a 1-for-3 basis and name changed to Can-Met Explorations Ltd.

Financing to bring the Can-Met property into production was arranged in June, 1956, by the issuance of \$18,000,000 of bonds (which were retired part in 1960 and remainder 1963), by the sale of \$3,400,000 in securities, and by a \$4,500,000 temporary bank loan. The bank loan was retired in part by funds raised through the issuance of \$2,900,000 of general mortgage bonds, dated Apr. 15, 1958, and retired in full in 1964.

The mine was in production from October, 1957 to April, 1960, when operations ceased due to depletion of ore reserves. Can-Met's 3,000-ton mill and other equipment were sold in mid-1962 to interests acting on behalf of Brunswick Mining and Smelting Corp.

Stanrock Uranium Mines Ltd.—This company was incorporated in Ontario in March, 1956, to develop to production its uranium properties contiguous to those of Denison Mines in the Elliot Lake area, Ont. Production with a 3,300-ton mill commenced in March, 1958 and ceased in May, 1970.

Production funds were provided by sale in 1957 and 1958 of \$29,000,000 5½% first mortgage bonds and

loans of \$3,500,000. The company was placed in receivership by trustees of the first mortgage bonds in 1959 and in bankruptcy by other creditors in 1960. Production continued, and revenues therefrom, together with a \$1,100,000 bank loan obtained in 1964, enabled the company to pay in full or make provision for all debts, including interest. The receivership and bankruptcy were terminated in 1964.

Acquisition of The Stanward Corp. was effected mid-1967 on the basis of five Stanrock shares for each Stanward share. As a result of the take-over, Stanrock acquired an additional 138 claims in the Elliot Lake area, 70% interest in Stanatomic Uranium Mines with 61 claims in the same area and assets and business of Fulfillment Corp. of America, a U.S. magazine subscription service. Assets of the latter company were sold to American Heritage Printing Co. in 1967 for Cdn\$751,071 cash.

ACCOUNTING CHANGE

Effective Jan. 1, 1984, the company adopted the recommendations of the Canadian Institute of Chartered Accountants for translation of foreign currencies. Prior to this, foreign currencies were translated into Canadian dollars as follows: current assets and liabilities at rates in effect at the end of the year; non-current assets, liabilities, revenue and expenditure items at approximate rates in effect at dates of transactions, except for depreciation, depletion and amortization which were translated at the same rates as the related assets. The change, which has been applied retroactively, increased net earnings by \$1,333,000 (\$0.03 per share) in 1984 and decreased net earnings by \$1,237,000 (\$0.03 per share) in 1983.

On Dec. 31, 1983, the company adopted the full cost method of accounting for its oil and gas activities. Giving retroactive effect to this change, net income was effectively increased by \$5,814,000, or 31 cents per common share, in 1983 and by \$5,385,000, or 30 cents per common share, in 1982.

OFFICERS AND DIRECTORS

Officers—S. B. Roman, chm. and chief exec. officer; E. B. McConkey, vice-chm. and acting pres.; C. D. Parmelee, exec. v-p; M. J. de Bastiani, v-p, technical ops.; Ronald Sedgewick, exec. v-p, oil & gas; L. L. Samoil, v-p, oil & gas ops.; W. N. O'Brien, v-p, minerals & mktg.; A. F. Risso, v-p, admin.; K. H. Bates, v-p, business devel.; A. C. Rickaby, v-p, Elliot Lake ops.; C. O. Dimock, v-p, community relations and housing; G. A. MacRae, v-p, finance; R. F. Schwab, v-p, Europe and Mediterranean; K. H. Barnes, cont.; M. J. Anderson, gen. counsel & sec.; N. F. Humphries, treas.

Directors—D. S. Anderson, H. M. Burns, M. J. de Bastiani, John Kostuik, E. B. McConkey, J. A. Mullin, S. B. Roman, S. G. Roman, H. Roman-Barber, C. D. Parmelee, B. E. Willoughby, Toronto; J. A. Patrick, George Rowe, Jr., J. A. Hunt, New York.

OFFICES

Uranium Division—P.O. Box B-2600, Elliot Lake, Ont. P5A 2K2. Telephone—(705) 848-9111.

Oil & Gas Division—Suite 2300, 300-5th Ave. S.W., Calgary, Alta. T2P 2T8. Telephone—(403) 269-4327.

Coal Division—P.O. Box 11575, Vancouver Centre, 650 West Georgia St., Vancouver, B.C. V6B 4N7. Telephone—(604) 669-2226.

Potash Project—P.O. Box 5005, Sussex, New Brunswick E0E 1P0. Telephone—(506) 839-2146.

SUBSIDIARY AND OTHER INTERESTS

Argosy Mining Corporation Limited—Denison has a 37.06% interest in this company, which owns base metal properties in Ireland.

Black Hawk Mining Inc.—Denison holds a 32.51% interest in this company, which has a 40% interest (Kerramian Inc., a subsidiary of Kerr Addison Mines Ltd., 60%) in a former-producing zinc-copper mine in the Blue Hill district of Maine.

Caspian Resources Limited—Denison has a 16.47% interest in this inactive company.

Consolidated Rexspar Minerals & Chemicals Lim-

ited—46.91% held. Has a fluorspar-uranium property south of Birch Island, Kamloops area, B.C.

Dencoke Coal Limited—Denison has 90% interest in this company which holds the Wildhay coal leases in northwestern Alberta.

Denison Australia Pty. Limited—3501 North Point, 100 Miller St., North Sydney, Australia. Wholly owned.

Denison Mines (U.S.) Incorporated—Suite 814, 1776 Lincoln St., Denver, Colorado 80203. Wholly owned. Carries out exploration, mainly for uranium but also for other minerals.

Denison-Potacan Potash Co.—Denison has a 60% interest in this company which is developing a potash property near Sussex, N.W.

Dentherm Resources Limited—Denison holds a 65% interest in this company which holds the Coalspur thermal coal property in northwestern Alberta.

Exall Resources Limited—(Formerly Canray Resources Limited)—Denison holds a 38.71% interest in this company which is engaged in oil, gas and mineral exploration in Canada and the U.S. (For additional details, see separate basic card.)

Lake Ontario Cement Limited—Denison holds a 53.63% interest in this company, which produces and sells cement, aggregate and concrete products in Canada and the United States.

During 1982, the company acquired the assets of KVN Ready-Mix Concrete, which has three plants and a fleet of 40 trucks in Toronto. In addition, a lake freighter was launched in June, 1983 and is currently in service on the Great Lakes.

Consolidated earnings for 1984 were \$6,310,000 (\$1.47 per sh.) compared with \$2,463,000 (\$0.57 per sh.) in 1983. Consolidated sales rose to \$147,797,000 from \$120,745,000 in 1983. Increased volume and better productivity were the principal factors in the improved overall performance. (For further details, see separate Corporation Service Basic Card.)

North Aegean Petroleum Company—2, Kapadistriou St. and Kifissias Ave., Filothei Athens, Greece. Denison holds a 40% interest in this company, formed in 1977 to manage oil and gas operations in Greece.

Pacific Tin Consolidated Corporation—Denison holds 40% interest in this New York-based company, which produces feldspar and related products in the United States and engages in tin dredging in Malaysia. In 1978, a Pacific Tin subsidiary strengthened its position as a supplier to the ceramic and glass industry through the acquisition of a producer of kaolin and sand compounds.

Net income before extraordinary losses for the first nine months of 1984 was US\$532,000 (US\$0.49 per sh.), down slightly from US\$552,000 (US\$0.51 per sh.) in 1983. Sales increased by 6% to US\$26.7 million in this nine-month period. On Nov. 30, 1984, the company announced that it would terminate its oil and gas exploration and development activities and write down related assets by approximately US\$5 million. This change will be reflected in results for the fourth quarter of 1984. Industrial minerals and metal powders were the strongest areas of performance in 1984.

Parlake Resources Limited—Denison holds 19.46% of this company which is active in oil and gas exploration in the United States. Parlake is the result of a 1979 merger of previously inactive Vespar Mines Limited and Lakehead Mines Limited.

Quintette Coal Limited—P.O. Box 1500, Tumbler Ridge, B.C. V0C 2W0. Denison has a 50% interest in this company, which has a producing coal property in the Quintette area, B.C. For details, see Coal Operations.

Reiss Lime Company of Canada Limited—Denison holds a 50% interest in this company, which operates a plant near Spragge, Ont., for production of industrial lime for uranium producers and other industrial users in northern Ontario. The plant, with capacity of 65,000 tons annually, commenced operations in late 1970, and is served by rail and its own deep-water dock for handling bulk materials.

Roman Corporation Limited—Denison holds a 15% interest in this holding company and producer of boxboard. Roman's major investment is its 36.3% equi-

ity in Denison. (For further details on Roman Corporation, see separate card.)

Saxon Coal Limited—Denison holds a 70% interest in this company which was formed to take over and develop the Saxon property in British Columbia.

Seagull Petroleum Limited—2770, 1200 Smith St., Houston, Texas 77002. Wholly owned. Holds 10% interest in the Vega oil field, offshore Sicily. Also, wholly owns Agypco Oil and Gas Exploration GmbH., with oil and gas interests in Egypt.

Standard Trustco Limited—Denison holds a 47.55% interest in this company which directly, and through subsidiaries is engaged in the following activities: as a general trust company with a broad range of financial and related services through 21 branches in Ontario and western Canada; and in real estate development in Canada and the United States.

Net income for 1984 amounted to \$4,621,000 (\$1.20 per sh.) compared with \$5,241,000 (\$1.51 per sh.) in 1983. Total revenues were \$146,808,000 against \$116,829,000. Total assets at Dec. 31, 1984, were \$1,035,905,000, compared with \$86,021,000.

CAPITAL STOCK

As at Dec. 31, 1984

	Author.	Outstand.	Par n.p.v.
Preferred 24,000,000 shs.			
9% series A		6,000,000 shs.	
Class A	unlimited	20,420,679 shs.	n.p.v.
Class B	unlimited	20,422,695 shs.	n.p.v.

Note—In March, 1985, the company sold 7,000,000 units comprising one 9% cumulative redeemable preferred series B share and one class B share purchase warrant.

Class A and B—Rank junior to preferred shares. Equal in all respects except class A shares are entitled to one vote per share and are convertible at any time into class B shares on a share-for-share basis; class B shares are non-voting and non-convertible unless an offer is made to purchase class A shares (in which case class B shares will be convertible share-for-share into class A shares for the purpose of the said offer only).

Preferred Shares:

Total authorized amount of preferred shares 24,000,000.

General Provisions—Issuable in one or more series at the discretion of the directors. Each series of preferred shares will rank equally with every other series of preferred shares, and prior to the common shares with respect to dividends and distribution of assets in the event of liquidation, dissolution, etc.

Certain restrictions are placed on the creation or issue of additional shares as to payment of dividends or distribution of assets in the event of liquidation, dissolution etc.

The class provisions of the preference shares may be amended with the approval of at least 66% of the outstanding preferred shares, given in writing or by votes cast at a meeting of holders of preferred shares at which a majority of the outstanding shares is represented or if no quorum is present, at any adjourned meeting at which no quorum requirement would apply.

9% Preferred Shares, Series A—Entitled to fixed cumulative preferential cash dividends of \$2.4375 per annum, to be paid quarterly on the 15th of March, June, September and December.

Redemption—Not redeemable prior to Aug. 1, 1988. On or after that date redeemable at the option of the company in whole or in part on at least 30 days' notice at the following prices per share if redeemed in the 12 months ending July 31:

1989 ..	\$26.00	1991 ..	\$25.60	1993 ..	\$25.20
1990 ..	25.80	1992 ..	25.40		

and thereafter at \$25.00 per share; in each case plus accrued dividends.

Purchase for Cancellation—Except as provided under "Restrictions on Dividends and Retirement of Shares", the company may at any time purchase for cancellation all or any part of the series A preferred shares at a price during the non-call period not exceeding \$26.00 plus accrued dividends and if purchased at

any other time, at a price not exceeding the redemption price, plus in each case costs of purchase.

Purchase Obligation—The company shall make all reasonable efforts to purchase for cancellation in the open market in each calendar quarter beginning March 1, 1985, at a price not exceeding \$25 per share plus costs of purchase, the following number of series A preferred shares: During the period from March 1, 1985 to Aug. 31, 1989, 30,000 series A preferred shares per calendar quarter (2% per year); and commencing Sept. 1, 1989, 1% per calendar quarter (4% per year) of the number of series A preferred shares outstanding at the close of business on Aug. 31, 1989. Purchase obligation is cumulative only over the succeeding three-month periods, if any, of the 12-month period commencing March 1 and will thereupon be extinguished.

Retraction (and Exchange Privilege)—Retractable at the option of the holder on Aug. 1, 1989 at a price of \$25 per share plus accrued dividends. Such privilege must be exercised at least 15 days prior to the retraction date by depositing share certificates with the transfer agent. The company will give at least 45 days' notice of the retraction date and the consequent right, if any, of the holder to convert the preferred shares into a further series of preferred shares.

The company may elect, by giving notice on or before June 15, 1989, to authorize the issue of a further series of preferred shares into which the preferred shares, series A, may be converted at the holder's option. Certain restrictions are placed on authorization by the company for the issue of a further series of preferred shares as noted in "Conversion into Further Series." If additional shares are authorized and issued, series A shareholders will be entitled to convert their shares during a conversion period commencing no later than the retraction date and ending no earlier than three months after the retraction date.

Restrictive Covenants—Certain restrictions are placed on the issue of additional shares, purchase and retirement of shares and payment of dividends.

Priority—The preferred shares series A shall rank on a parity with all other series of preferred shares and will be entitled to preference over common shares on any other shares ranking junior to the preferred shares with respect to payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the company.

In the event of liquidation, dissolution, etc. entitled to \$25 per share; if liquidation is voluntary, entitled to receive \$26 per share up to the date of distribution, if the event occurs during the non-call period, and, if the event occurs at any other time, the then applicable redemption price per share, in each case plus accrued dividends.

Voting—Non-voting unless eight quarterly dividends in arrears when entitled, voting separately as a class together with the holders of any other series of preferred shares with similar voting rights, to one vote per share to elect two directors.

Purpose of Issue—Net proceeds to be used to reduce current and term bank debt.

Offered—Total of 6,000,000 shares sold in August, 1983. Underwritten by Dominion Securities Ames Ltd., Wood Gundy Ltd., Burns Fry Ltd., and McLeod Young Weir Ltd.

9% Cumulative Redeemable Preferred Series B—Entitled to receive cumulative preferential dividends of \$2.375 per annum.

Redemption—Non-redeemable prior to March 16, 1989. On and after that date, redeemable at \$26.25, declining by 25 cents annually to \$25 on or after March 16, 1994, plus accrued and unpaid dividends.

Purchase Obligation—During each three-month period commencing April 1, 1997, the company shall make all reasonable efforts to purchase, at a price not

exceeding \$25 per share plus costs of purchase, 1% per three-month period (4% per annum) of the number of preferred series B shares outstanding at the close of business on March 14, 1997.

Retraction and Conversion Privilege—Retractable at the option of the holder on March 15, 1991 and on March 14, 1997 at a price of \$25 per share plus accrued and unpaid dividends.

The company will be entitled to elect on or before January 29 in a year in which a retraction date occurs to authorize the issue of further series of preferred shares into which the preferred shares series B would be convertible at the option of the holder during a conversion period commencing no later than the retraction date in such year and ending no earlier than three months after such retraction date (subject to prior redemption).

Priority—The preferred series B shares will rank on a parity with other series of preferred shares and prior to the class A shares and class B non-voting shares of the company.

Voting—Non-voting, unless the company fails to pay eight quarterly dividends on the series B preferred shares, whether or not consecutive. In that event, and so long as any such dividends remain in arrears, entitled to one vote per series B preferred share held, voting separately as a class together with the holders of any other series of preferred shares who have similar voting rights, entitled to elect two directors to the board.

Purpose of Issue—Net proceeds of approximately \$169,200,000 to be used to reduce current and term bank indebtedness incurred to fund capital expenditures, including equity contributions to Quintette, and investments.

Offered—7,000,000 units in February 1985, at \$25 per unit through underwriters Dominion Securities Pitfield Limited, Wood Gundy Inc., Burns Fry Limited, McLeod Young Weir Limited and Nesbitt Thomson Bondgard Inc.

CHANGES IN CAPITAL STRUCTURE

Upon amalgamation of Consolidated Denison Mines and Can-Met Explorations on Mar. 24, 1960, to form Denison Mines, 4,451,265 shares were issued to Consolidated Denison shareholders on a share-for-share basis, and 23,438 shares were issued to Can-Met shareholders on a 1-new-for-200-old basis.

Upon amalgamation of Denison Mines and Stanrock Uranium Mines, on Feb. 12, 1973, 93,518 Denison shares were issued to Stanrock shareholders on a share-for-share basis, after cancellation of 63 Stanrock shares and consolidation of its remaining shares on a 1-for-70 basis.

Effective Feb. 23, 1979, the company's stock was split 4-for-1 and changed from \$1 par to n.p.v.

On July 26, 1983, authorized capital was increased by the creation of 24,000,000 preferred shares without par value and issuable in series; and on Aug. 8, 1983, 6,000,000 9% series A preferred shares were issued.

Effective Nov. 7, 1983, 2,148,803 common shares were issued in connection with the acquisition of Seagull Petroleum Limited.

At Dec. 31, 1983, there were 6,000,000 series A preferred and 20,421,687 common shares outstanding.

At the annual meeting on Feb. 17, 1984, shareholders approved the creation of an unlimited number of class A voting and class B non-voting shares and the issuance of one class A and one class B share for each previously outstanding common share. The changes became effective Mar. 2, 1984.

Also during 1984, 1,008 class A shares were converted into class B bringing capital stock outstanding at Dec. 31, 1984 to 6,000,000 9% series A preferred, 20,420,679 class A and 20,422,695 class B shares.

PRICE RANGE OF STOCK

Denison Mines
Series A Preferred

Year	High	Low
1983▲ ...	\$27.63	\$25.25
▲Listed Sept. 15.		

Class A▲

Year	High	Low	Year	High	Low
1975 ...	\$65.00	\$35.75	1980 ...	\$60.13	\$35.50
1976 ...	67.50	49.75	1981 ...	58.75	26.13
1977 ...	61.75	45.38	1982 ...	33.75	15.38
1978 ...	83.00	51.13	1983 ...	51.50	27.50
1979† ...	38.50	18.50	1984 ...	23.25	13.25

*Listed Apr. 8, 1960.

▲Designated common prior to reclassification and 2-for-1 split Mar. 2, 1984.

†Adjusted for Feb. 23 stock split.

Class B

Year	High	Low
1984† ...	\$20.00	\$12.00
†Listed Feb. 27, 1984.		

Consolidated Denison

Year	High	Low	Year	High	Low
1938† ...	\$0.46	\$0.10	1950 ...	\$0.37	\$0.07
1939 ...	0.17	0.05	1951 ...	0.22	0.11
1940 ...	0.09	0.03	1952 ...	0.17	0.07
1941 ...	0.08	0.03	1953 ...	0.22	0.07
1942 ...	0.06	0.02	1954† ...	0.15	0.08
1943 ...	0.05	0.03	1954▲ ...	2.40	0.30
1944 ...	0.05	0.03	1955 ...	15.50	2.10
1945 ...	0.13	0.04	1956 ...	15.00	8.80
1946 ...	0.30	0.05	1957 ...	25.38	9.35
1947 ...	0.26	0.07	1958 ...	16.63	10.25
1948 ...	0.16	0.05	1959 ...	16.13	9.65
1949† ...	0.11	0.03	1960▲ ...	11.50	8.30
1949▲ ...	0.16	0.06			

†Denison Nickel Mines listed Jan. 14, 1938, delisted July 4, 1949.

†North Denison Mines listed July 4, 1949, delisted Mar. 15, 1954.

▲Consolidated Denison Mines listed Mar. 15, 1954, delisted Apr. 8, 1960.

DIVIDENDS

9% Series A Preferred—Entitled to \$2.4375 per share annum, payable quarterly on the 15th of March, June, Sept. and Dec. Initial dividend of \$0.8615 paid Dec. 15, 1983.

9% Series B Preferred—Entitled to fixed cumulative preferential dividends of \$2.375 per annum, payable quarterly on the 15th day of March, June, September and December. Initial dividend of 65.07¢ per share was paid June 15, 1985.

Class A and B—Present rate is \$1.00 per share per annum established with the quarterly payment of 25¢ per share on June 1, 1984 (first following split of each common into one class and voting and one class B non-voting share). Prior to split, a rate of \$2.00 per share per annum was paid regularly, quarterly from Mar. 13, 1981 to Mar. 15, 1984. For a complete record of dividend payments from initial Aug. 15, 1960 see Historical Summary.

LONG-TERM DEBT

At Dec. 31, 1984, outstanding long-term debt totaled \$952,184,000. Minimum repayment requirements over the next five years are as follows: 1985, \$151,883,000; 1986, \$170,392,000; 1987, \$99,834,000; 1988, \$76,929,000; and in 1989, \$72,297,000.

Prinos Oil Field and South Kavala Gas Field Project: The loan outstanding under the additional credit agreement and the company's share of the amounts outstanding under the consortium loans at Dec. 31, 1984 are as follows: \$43,346,000 for the project; \$113,558,000 for supplementary project financing facility and \$74,329,000 in additional credit. The facilities and all the interests of the consortium members in the Fields have been mortgaged or charged as security for the loans under the project financing facility and similar security will be given for the loans under the supplementary project financing facility when all the project loans and overrun loans have been repaid. As at Dec. 31, 1984, the limited recourse portions of the consortium were repayable only out of production. The borrowers will remain liable in the event of certain extraordinary losses. The loans have maturity dates of July 15, 1986 for the project financing facility; July 17, 1986 for the loans under the additional credit agreement and Jan. 16, 1987 for the loans under the supplementary project financing facility. The consortium loans are subject to half-yearly minimum repayment provisions which may be accelerated based on a percentage of project net cash flow or in other specified circumstances. The additional credit agreement loan is repayable in annual instalments. The rate of interest on the loans are LIBOR plus rates varying from .375% to 1.9375%.

Revolving Term Bank Loan—Due June 30, 1989. At Dec. 31, 1984, outstanding in the amount of US\$161,388,000.

Elliot Lake Housing Mortgages—Outstanding at Dec. 31, 1984 in the amount of \$74,149,000, maturing from 1985 to 2028 at rates varying from 8% to 18.78%.

Lake Ontario Cement—Long-term debt outstanding at Dec. 31, 1984 was \$35,847,000, comprising a \$8,620,000 debenture at 9%, due 1994, payable in annual instalments of \$860,000 and a term bank loan, notes and mortgages aggregating \$27,227,000, due up to 1992 with current interest rates between 11.30%.

Quintette Coal—Outstanding at Dec. 31, 1984, \$352,530,000. For details on project financing, see Coal Operations.

Seagull Petroleum Limited—Outstanding at Dec. 31, 1984, \$27,749,000. The long-term debt consists of a U.S. dollar denominated term non-revolving credit facility, repayable in ten quarterly instalments beginning Jan. 31, 1986, bearing interest at rates varying between U.S. base rate plus 1% to 1.5%. Lender has also been granted 2% net profit interest (before certain costs) in certain Seagull properties up to a maximum of US\$7,500,000. Loans are secured by substantially all Seagull assets.

Other debt—Outstanding at Dec. 31, 1984, \$9,032,000.

INTERIM EARNINGS

Fiscal Year	3 months			6 months			9 months		
	Gross Revenue	Net Income	Earns. Per Sh. □	Gross Revenue	Net Income	Earns. Per Sh. □	Gross Revenue	Net Income	Earns. Per Sh. □
	\$000's	\$—	\$—	\$000's	\$—	\$—	\$000's	\$—	\$—
1978 ..	50,589	8,676	0.24	121,517	26,034	0.72	192,607	34,270	0.94
1979 ..	69,497	15,613	0.43	151,623	29,410	0.81	233,152	38,875	1.07
1980 ..	78,085	16,352	0.45	174,578	33,888	0.93	268,790	43,126	1.18
1981 ..	77,129	28,348	0.78	175,969	37,607	1.03	289,020	47,626	1.31
1982 ..	137,421	7,258	0.20	303,168	17,397	0.48	478,255	29,790	0.82
1983 ..	161,956	22,870	0.63	336,018	46,962	1.29	506,513	70,654	1.88
1984 ..	156,879	19,177	0.38	338,052	41,186	0.83	528,871	60,458	1.21
1985 ..	162,943	16,781	0.30	354,747	31,674	0.47			

□ Adjusted throughout to reflect reclassification and subdivision of common shares into one class A and one class B share for each common share on Mar. 2, 1984 and 4-for-1 stock split February, 1979.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Years Ended December 31

	1984	1983▲
	\$000's	\$—
Source of Funds:		
Provided from operations	249,425	240,129
Issue l.-t. debt	158,792	242,702
Incr. advs. conc. contracts	28,197	8,630
Sale of housing	8,501	....
Pref. sh. issue .....	....	144,630
Net proceeds, sale of invests. ....	....	116,247
Decr. non-cash oper. working capital .....	....	2,657
	444,915	754,995
Application of Funds:		
Additions to fixed assets	289,088	391,287
Repayment of debt	159,095	123,647
Purch. l.-t. invests.	57,609	497
Dividends	55,468	42,789
Incr. non-cash oper. working capital	22,475	....
Repay. of adv. on conc. contracts	13,630	28,293
Other	1,603	723
	598,968	587,236
Decr. in cash & s.-t. deposits less bank debt	154,053	167,759

■ Increase. ▲As shown in the 1984 annual report.

Note—In 1984, the company commenced reporting changes in cash and short-term deposits. For changes in working capital reported in prior years, see table page

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Years Ended December 31

	1983	1982	1981	1980	1979	1978
	\$000's	\$—	\$—	\$—	\$—	\$—
Source of Funds:						
Provided from ops.	234,363	151,078	65,171	109,925	100,144	60,536
Issue mtges. ....	....	....	....	9,764	15,094	10,123
Issue l.-t. debt	242,701	301,431	164,738	177,509	84,205	....
Prf. shs. issue	144,630	....	....	....	....	....
Decr. other assets .....	....	....	....	....	1,090	....
Incr. advs. conc. contracts	8,629	24,014	56,858	81,213	59,214	59,789
Net proceeds, sale of invest. min. ventures	116,248	54,306	230,976	74,821	41,811	70,191
Other	275	316	73	882	2,143	1,331
	746,846	531,145	517,816	454,114	303,701	201,972
Application of Funds:						
Additions to fixed assets	399,042	311,350	398,629	406,487	261,636	73,393
Long-term investments	497	102,686	153,671	83,325	24,867	35,195
Invest. reclassification .....	....	....	....	....	....	4,471
Dividends	42,789	36,546	36,546	27,409	22,626	34,203
Repay. of debt	204,163	46,428	20,867	4,034	4,270	1,612
Red in adv. on future deliv.	29,541	9,904	8,872	10,016	....	....
Divds. to minority shldrs.	998	998	998	899	....	....
Other	11,029	....	....	944	....	964
	688,059	507,912	619,583	533,114	313,399	149,840
Increase in working capital	58,787	23,233	101,767	79,000	9,698	52,131

■ Decrease.

Note—Due to truncating, sums may not equal totals in fiscal 1978.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
	\$			\$			
	'000's						
Revenue:							
Minerals	249,934	258,984	302,903	230,435	232,179	222,191	191,525
Oil and gas	308,700	296,332	242,948	82,204	43,627		
Cement	147,797	120,745	102,510	114,925	89,347	88,317	78,363
Gross revenue	706,431	676,061	648,361	427,564	365,153	310,508	269,888
Less: Prod., explor.	359,558	329,427	370,548	323,871	259,165	212,190	183,363
Gen., corp. exps.	19,813	18,523	19,868	14,228			
Operating profit*	327,060	328,111	257,945	89,465	105,988	98,318	86,524
Add: Investment income	1,936	23,679	11,651	8,712	13,675	8,157	8,508
Sh. inc. equity basis	d877	1,934	1,635	2,336	d1,536	d10	448
Gain sale shs., min. ventures			2,697	68,750	34,100	19,362	29,216
Gain sale fixed assets				5,271			
Less: Deprec. & depl.	133,154	120,101	103,546	43,054	24,460	14,915	11,909
Income tax: Current	54,965	45,029	27,240	4,223	7,383	1,655	30,836
Deferred	9,031	30,929	7,317	33,107	44,167	45,735	18,573
L.-t. debt interest	40,777	46,945	59,002	19,466	▲	4,682	3,660
Other interest	6,750	8,022	25,807	10,102	▲		
Minority interest	2,926	1,178	375	2,196	2,518	2,748	1,476
Net income	80,516	101,520	50,641	62,386	73,698	56,092	58,241
Add: Previous ret. earnings	318,770	247,224	233,129	207,289	161,000	126,835	102,398
Acct. adj.	d3,974	15,500					
Less: Pref. sh. iss. exps.		2,685					
Pref. divs.	14,625	5,169					
Cl. A & B divs.	40,843						
Com. divs.		37,620	36,546	36,546	27,409	21,927	*33,804
Retained earnings	339,844	318,770	247,224	233,129	207,289	161,000	126,835

*Before depreciation, depletion and amortization. ▲Included in operating expenses.

*Includes \$22,841,105 special dividend paid from 1971 capital surplus on hand.

‡See Accounting Change.

Note—Due to truncating, sums may not equal totals in 1978.

Remuneration—Of senior officers and directors has been as follows: 1984, \$3,894,043; 1983, \$2,901,609; 1982, \$2,639,542; 1981, \$2,473,084; 1980, \$1,719,900; 1979, \$1,847,153; and 1978, \$1,178,241.

Earnings Per Share\$:

Pref.: Times Earned*	15.50	16.94					
Class A & B: Earned▲	\$1.61	\$2.58	\$1.39	\$1.71	\$2.02	\$1.54	\$1.60

▲Designated common prior to reclassification and 2-for-1 split, effective Mar. 2, 1984; adjusted throughout to reflect this split and a 4-for-1 stock split in February, 1979.

*Based on annual preferred dividend requirements.

Dividends Paid or Declared:

Series A pref.		\$0.8615					
Class A & B	▲0.75						
Common (new)	0.50	\$2.00	\$2.00	\$2.00	\$1.50	\$1.20	
Common (old)							■ \$7.40

■ Including \$5.00 tax-deferred dividend. ‡Initial.

▲Designated common prior to reclassification and 2-for-1 split, effective Mar. 2, 1984.

Shares Outstanding:

Series A pref.	6,000,000	6,000,000					
Class A voting	▲20,420,679	20,421,687	18,272,884	18,272,884	18,272,884	▲18,272,884	4,568,221
Class B non-voting	▲20,422,695						
Common							

▲Designated common prior to reclassification and 2-for-1 split, adjusted throughout to reflect this split and a 4-for-1 stock split Feb. 23, 1979.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
	\$000's						
Assets							
Current:							
Cash & s.t. deposits	115,293	102,160	31,796	20,063	8,422	41,163	52,608
Accounts receivable	99,284	82,493	97,901	90,992	69,399	49,218	35,313
Taxes recoverable	.....	.....	.....	.....	501	3,014	.....
Concent. inventories	17,638	8,307	2,382	383	82	613	1,657
Cement inventories	13,368	12,318	13,062	12,560	8,586	8,616	6,136
Coal inventories	7,532	6,093	.....	.....	.....	.....	.....
Crude oil inventories	6,383	8,288	*4,040	.....	.....	.....	.....
Supplies & prepd. exps.	47,106	31,331	26,884	43,256	28,544	19,809	17,342
	306,604	250,990	176,065	167,254	115,534	122,433	113,058
Listed shs.▼	27,033	25,484	21,166	19,471	6,806	4,420	4,020
Listed shs., at cost or less●	74,182	21,028	120,364	71,711	68,171	18,061	16,593
Debs., loans, etc.	500	900	1,900	1,800	18,457	15,529	15,025
Coll. bank deposits	.....	.....	8,736	.....	.....	.....	.....
Fixed:							
Producing assets	1,484,600	.....	.....	.....	.....	.....	.....
Assets for devel.	1,042,924	.....	.....	.....	.....	.....	.....
Prop., plant, equip.	▼ 1,672,031	1,222,673	1,017,593	779,034	504,651	304,909	.....
Deferred devel.	▼ 585,312	504,612	398,344	242,289	124,895	64,220	.....
Less: Accum. depr., etc.	543,535	413,564	302,301	198,755	158,436	136,685	123,021
	1,983,989	1,843,779	1,424,984	1,217,182	862,887	492,861	246,108
Other	2,952	2,174	2,267	2,583	2,656	2,725	3,814
	2,395,260	2,144,355	1,755,482	1,480,000	1,074,511	656,029	398,621
Liabilities							
Current:							
Bank loans	174,560	7,374	104,769	171,988	74,028	.....	.....
Accts. pay. & accruals	146,376	139,302	120,034	103,393	65,711	71,941	35,063
Dividends payable	1,458	1,482	1,484	628	1,576	852	955
Prov. for taxes	23,749	18,547	11,811	3,103	.....	.....	24,563
Curr. portion of debt	151,883	132,367	46,428	20,867	4,033	4,270	1,662
Advances, future deliv.†	17,325	11,496	9,904	8,872	10,016	6,200	1,946
	515,351	310,568	294,430	308,851	155,364	83,263	64,190
Advances, future deliv.†	262,531	251,985	272,897	258,787	210,801	139,604	80,389
Long-term debt:							
Debt: L. Ont. Cement	35,847	37,466	34,299	24,044	18,196	20,724	21,405
Quintette Coal	352,530	308,540	123,295	8,206	.....	.....	.....
Debt: Seagull Petroleum	27,749	25,887	.....	.....	.....	.....	.....
Denison-Potacan Potash	60,256	.....	.....	.....	.....	.....	.....
Elliot Lake housing mtge.	74,149	79,128	61,106	43,964	44,210	34,776	19,731
Oil & gas project loan	231,233	345,773	395,564	409,057	261,715	84,205	.....
Term loans, etc.	161,388	107,008	150,000	.....	600	1,200	.....
Other debt	9,032	5,048	.....	.....	.....	.....	.....
Less: Amt. due in 1 yr.	151,883	132,367	44,704	20,713	4,034	4,270	1,662
Currency adjust.	16,419	.....	.....	.....	.....	.....	.....
	783,882	776,483	719,560	464,558	320,687	136,635	39,474
Minority interest	22,233	20,305	20,126	20,748	19,550	18,874	16,813
Deferred inc. & min. tax	224,573	219,398	188,739	181,422	148,314	104,148	58,412
Shareholders' Equity							
Preferred stock	150,000	150,000	.....	.....	.....	.....	.....
Class A stock††	44,452	.....	.....	.....	.....	.....	.....
Class B stock††	44,457	.....	.....	.....	.....	.....	.....
Common stock	.....	88,909	4,568	4,568	4,568	4,568	4,568
Retained earnings	339,844	318,770	247,224	233,129	207,289	160,999	126,834
Contributed surplus	7,937	7,937	7,938	7,938	7,938	7,938	7,937
	2,395,260	2,144,355	1,755,482	1,480,001	1,074,511	656,029	398,621
▼Market value	26,613	30,771	24,827	24,256	15,580	7,461	5,335
●Market value	76,960	33,780	121,351	70,735	94,750	31,084	17,655

*Not reported in prior years. ‡See Accounting Change.

†Represents advances against concentrates to be delivered under firm contracts.

‡Each common share was subdivided into one class A voting and one class B non-voting share, Mar. 2, 1984.

Note—Due to truncating, sums may not equal totals in 1978.

Commitments and Contingencies—With respect to a contract with Ontario Hydro, the company receives advances, repayable from production, to fund an expansion program. Such advances totaled \$238,210,000 at Dec. 31, 1984.

Under terms of a financing agreement for the Quintette coal project, the company has agreed to provide equity financing up to \$175,000,000, of which \$162,600,000 had been advanced at Dec. 31, 1984.

Total project costs for the potash mine development of the Denison-Potash Potash Company in which the company is a 60% partner are estimated at \$350,000,000. At Dec. 31, 1984, project costs of \$194,831,000 had been incurred. The company has agreed to provide, if needed prior to full completion, additional equity contributions of up to \$30,000,000. At Dec. 31, 1984, equity contributions of \$5,200,000 have been made by the company. The company will provide up to \$15,000,000 in cash collateral deposits upon full completion and thereafter under certain circumstances may be required to make further equity contributions of up to \$60,000,000.

Other projects authorized as of Dec. 31, 1984 will require estimated capital and exploration expenditures of approximately \$260,000,000.

**WORKING CAPITAL
CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31**

	1984	1983	1982	1981	1980	1979	1978
Working capital (\$000's)	d208,747	d59,578	d118,365	d141,598	d39,830	39,170	48,868
Ratio	0.60—1	0.81—1	0.60—1	0.54—1	0.74—1	1.47—1	1.76—1

EQUITIES

Equity:							
Net worth (\$000's)*	589,048	583,655	264,378	249,444	255,148	189,568	141,714
Per preferred sh.	\$98.17	\$97.28	.....	.....	.....	.....	.....
Per cl. A & B ■	10.75	10.62	\$7.24	\$6.83	\$6.98	\$5.19	\$3.88

* Available for capital stock. Based on shareholders' equity, with adjustment for difference between market and cost of marketable securities. Preferred stock deducted at stated value before calculating equity per common share.

■ Designated common prior to reclassification and 2-for-1 split, effective Mar. 2, 1984; adjusted throughout to reflect this split and a 4-for-1 split on Feb. 23, 1979.

HISTORICAL SUMMARY

Fiscal Year	Total Assets	Working Capital	Oper.▲ Income	Net Inc. Oper.	Earns Per. Sh.	Divids. Paid	Shares Outstand. Class A Shares	Price Range High Low
	\$	\$	\$	\$	\$	\$		\$ \$
1960□	71,624	27,408	27,275	10,474	2.34	1.00	4,474,703	*10.75 8.55
1961 ..	74,427	33,945	37,117	14,130	3.16	1.00	4,474,703	11.38 9.25
1962 ..	75,415	37,763	25,078	10,176	2.27	1.00	4,474,703	12.50 9.50
1963 ..	65,251	30,953	9,139	9,404	2.10	1.00	4,474,703	13.25 9.75
1964 ..	65,203	26,258	5,015	7,087	1.58	1.00	4,474,703	22.75 9.95
1965 ..	70,513	24,787	5,533	11,417	2.55	1.50	4,474,703	41.25 21.88
1966 ..	84,411	d5,304	4,859	8,488	1.90	1.50	4,474,703	68.00 35.50
1967 ..	98,447	d1,563	4,740	9,905	2.21	†1.05	4,474,703	86.88 51.75
1968 ..	99,608	9,548	5,516	12,772	2.85	1.40	4,474,703	84.00 60.00
1969 ..	110,988	18,543	7,128	12,717	2.84	1.40	4,474,703	74.50 40.50
1970 ..	89,296	2,140	8,835	8,240	1.84	1.40	4,474,703	46.50 20.50
1971 ..	96,297	d1,345	10,759	10,188	2.28	1.40	4,474,703	32.00 18.25
1972 ..	121,248	d3,814	17,258	8,115	1.81	1.40	4,474,703	36.63 25.50
1973 ..	128,760	d5,198	20,755	9,800	2.15	1.40	4,568,221	55.00 28.25
1974 ..	158,160	18,787	25,503	12,295	2.72	1.40	4,568,221	55.75 33.63
1975 ..	219,335	43,323	59,194	26,517	5.80	1.85	4,568,221	65.00 35.75
1976 ..	226,608	91	35,520	15,043	3.28	2.00	4,568,221	67.50 49.75
1977 ..	289,671	d3,264	52,734	27,878	6.12	2.20	4,568,221	61.75 45.38
1978 ..	398,621	48,868	86,524	58,241	12.76	■ 7.40	4,568,221	83.00 51.13
1979 ..	656,029	39,170	98,318	56,092	\$3.07	\$1.20	\$18,272,884	\$38.50 \$18.50
1980 ..	1,074,511	d39,830	105,988	73,698	4.03	1.50	18,272,884	60.13 35.50
1981 ..	1,480,000	d141,598	103,693	62,386	3.41	2.00	18,272,884	58.75 26.13
1982 ..	1,755,482	d118,365	277,813	50,641	2.77	2.00	18,272,884	33.75 15.38
1983 ..	2,144,355	d59,578	346,634	101,520	5.15	2.00	20,421,687	51.50 27.50
1984 ..	2,395,260	d208,747	346,873	80,516	▼1.61	▼1.00	▼40,843,374	▼23.25 ▼13.25

□ From Mar. 24, 1960 (date of amalgamation) to Dec. 31, 1960.

* Listed Apr. 8.

▲ Production revenue unstated from 1961 to 1974.

■ Including \$5.00 tax-deferred dividend.

† Represents three quarterly payments only; the March, 1967 payment having been appropriated in accounts for the preceding year.

§ New stock following 4-for-1 stock split in February, 1979.

▼ Designated common shares prior to reclassification and 2-for-1 split, Mar. 2, 1984.

(This information is obtained from sources we believe to be reliable, but is not guaranteed)

